

June 19, 2006

California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 06-NSHP-1  
1516 Ninth Street  
Sacramento, CA 95814-5512

**DOCKET**  
**06-NSHP-1**

DATE JUN 19 2006

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Re: Clean Energy Group (CEG) Comments on  
California Solar Initiative and New Solar Homes Partnership Affordable Housing  
In the matter of the Design of the New Solar Homes Partnership  
Docket No. 06-NSHP-1

Dear Commissioners:

These comments on the “*California Solar Initiative and New Solar Homes Partnership Affordable Housing*” program are submitted on behalf of the Clean Energy Group (electronically and by mail). CEG is a nonprofit organization established in 1998 to increase the use of cleaner energy technologies in the U.S. and abroad through creative financing, business partnerships, public policy, and advocacy. CEG also manages the Clean Energy States Alliance (CESA), a nonprofit organization assisting a coalition of state officials and public interest organization in implementing effective clean energy funds. The California Energy Commission (CEC) is a member of CESA.

CEG offers its assistance and resources to the CEC and staff (and CPUC and staff) in structuring a CSI program to best fit the affordable housing community’s needs. CEG has substantial expertise in fostering solar energy in affordable housing. Most notably, CEG, with Peregrine Energy Group, Inc., recently published a program guide, *Strategies to Foster Solar Energy and Advanced Efficiency in Affordable Multi-Family Housing* (February 2006) ([www.cleanenergystates.org/CaseStudies/CEG\\_Peregrine\\_PV\\_Multifamily\\_2006.pdf](http://www.cleanenergystates.org/CaseStudies/CEG_Peregrine_PV_Multifamily_2006.pdf)). The Guide describes how state clean energy programs, in partnership with state housing agencies, can advance the use of clean energy technologies in low-income residential housing. The report provides states with targeted strategies for implementing a program to support and encourage the application of solar PV in the development of affordable, multi-family homes.

The Program Guide also highlights several other states’ efforts to target the affordable housing sector for solar PV applications, including the innovative programs in New Jersey and Massachusetts. CEG is available to provide CEC and CPUC with relevant information and strategies about state best practices that may be useful to helping California accomplish its state objectives for fostering clean energy technologies in the affordable housing sector. For example, CEG is willing to facilitate a presentation by these other state programs to California stakeholders, if it would be useful.

CEG also offers the following specific recommendations on program components:

- The overall CSI program goal for this sector should be “to make it as simple as possible” for new affordable housing projects to incorporate solar PV. For example, CEC should expedite application approvals, provide non-financial program support services, and allow reservations to last a minimum of 24 months.
- The California program should establish clear expectations for PV program objectives in the public housing sector but consider allowing housing agencies to take the lead in defining the specific program design. The challenge is for CEC to educate state housing decision-makers on the life-cycle benefits of solar and advanced efficiency measures, and to secure their commitments to put them in place. To that end, CEC/CPUC should seek to establish partnerships with state housing agencies and consider giving up administrative control of the day-to-day program operations to the state housing agencies. That is, CEC/CPUC should consider establishing a cooperative interagency arrangement that allows for administratively-efficient funneling of state grant funds to this housing market through the state housing agency.
- Beyond financial incentives, CEC should make technical support available as needed to key players and decision-makers in the affordable housing sector. For example, the CEC program should provide expert support throughout the design and construction process. Non-financial program support services that should be provided include approved professional installers and consultants, maintenance guides, etc.
- The most assured approach to creating a state incentive program that gets solar PV systems incorporated in affordable housing projects is one that pays most or all of the design and installation costs. Therefore, CEC’s program should consider assuming some or all of the soft costs to demonstrate the technical and financial feasibility of including solar PV and advanced efficiency in affordable housing projects. Soft costs covered should include planning support, design support, implementation support, and monitoring and evaluation.
- If the amount of CEC incentive or rebate funds are not sufficient to make PV projects work in this sector, CEC should identify or secure sources of dedicated solar low interest loans for the balance of the investment. CEC funds, if necessary, could also be used to provide additional low interest financing to support these projects.

In conclusion, CEG looks forward to working with the Commission in the development of this program.

Sincerely,



Mark Sinclair  
Vice President  
Clean Energy Group